

# House File 2064 - Introduced

HOUSE FILE \_\_\_\_\_  
BY PETTENGILL

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act requiring all payments for prepaid cemetery and funeral  
2 merchandise, and funeral services to be placed in trust or  
3 secured by a surety bond.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 5753YH 82  
6 av/nh/8

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1 1 Section 1. Section 523A.201, subsections 2 and 3, Code  
1 2 Supplement 2007, are amended to read as follows:  
1 3 2. If a seller agrees to furnish cemetery merchandise,  
1 4 funeral merchandise, funeral services, or a combination  
1 5 thereof and performance or delivery may be more than one  
1 6 hundred twenty days following the initial payment on the  
1 7 account, ~~a minimum of eighty percent of all payments made~~  
1 8 under the purchase agreement shall be placed and remain in  
1 9 trust until the person for whose benefit the funds were paid  
1 10 dies.  
1 11 3. If a purchase agreement for cemetery merchandise,  
1 12 funeral merchandise, funeral services, or a combination  
1 13 thereof provides that payments are to be made in installments,  
1 14 the seller shall deposit ~~eighty percent of each payment all~~  
1 15 ~~payments made under the purchase agreement~~ in the trust fund  
1 16 until the full amount required to be placed in trust has been  
1 17 deposited. If the purchase agreement is financed with or sold  
1 18 to a financial institution, the purchase agreement shall be  
1 19 considered paid in full and the trust requirements shall be  
1 20 satisfied within fifteen days after the seller receives funds  
1 21 from the financial institution.  
1 22 Sec. 2. Section 523A.201, subsection 5, Code Supplement  
1 23 2007, is stricken.  
1 24 Sec. 3. Section 523A.405, subsection 8, Code Supplement  
1 25 2007, is amended to read as follows:  
1 26 8. The amount of the surety bond shall equal ~~eighty~~  
1 27 ~~percent the amount~~ of the payments received pursuant to  
1 28 purchase agreements, or the applicable portion thereof, for  
1 29 cemetery merchandise, funeral merchandise, funeral services,  
1 30 or a combination thereof and the amount needed to adjust the  
1 31 amount of the surety bond for inflation as set by the  
1 32 commissioner based on the consumer price index. The seller  
1 33 shall review the amount of the surety bond no less than  
1 34 annually and shall increase the bond as necessary to reflect  
1 35 additional payments. The amount needed to adjust for  
2 1 inflation shall be added annually to the surety bond during  
2 2 the first quarter of the establishment's fiscal year.  
2 3 Sec. 4. Section 523A.601, subsection 6, paragraph a, Code  
2 4 Supplement 2007, is amended to read as follows:  
2 5 a. A purchase agreement that is funded by a trust shall  
2 6 include a conspicuous statement in language substantially  
2 7 similar to the following language:  
2 8 "For your prearranged funeral agreement, we will deposit  
2 9 ~~not less than eighty percent all~~ of your payments in trust at  
2 10 (name of financial institution), (street address), (city),  
2 11 (state) (zip code) within fifteen days following receipt of  
2 12 the funds. For your protection, you have the right to contact  
2 13 the financial institution directly to confirm that the deposit  
2 14 of these funds occurred as required by law. If you are unable  
2 15 to confirm the deposit of these funds in trust, you may  
2 16 contact the Iowa insurance division for assistance by calling  
2 17 the insurance division at (telephone number) or by mail at  
2 18 (street address), (city), Iowa (zip code)."  
2 19 Sec. 5. Section 523A.811, subsection 1, paragraph c, Code

2 20 Supplement 2007, is amended to read as follows:  
2 21 c. The amount of funds currently held in trust for  
2 22 cemetery merchandise, funeral merchandise, and funeral  
2 23 services is less than ~~eighty percent the total amount~~ of all  
2 24 payments made under the purchase agreements referred to in  
2 25 section 523A.201.

2 26 EXPLANATION

2 27 This bill requires that all payments made pursuant to a  
2 28 purchase agreement for cemetery merchandise, funeral  
2 29 merchandise, funeral services, or a combination thereof, where  
2 30 performance or delivery under the agreement may be more than  
2 31 120 days following initial payment on the account, must be  
2 32 placed in trust or secured by a surety bond in that amount.  
2 33 Currently, only 80 percent of the amount of such payments is  
2 34 required to be placed in trust or secured by a surety bond.  
2 35 LSB 5753YH 82  
3 1 av/nh/8